



DEPARTMENT OF THE NAVY

OFFICE OF THE SECRETARY
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

July 13, 2001

The Honorable Bob Stump
Chairman, Committee on
Armed Services
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Title 10 U.S.C. Section 2433 requires Congress be notified if the current unit cost of a major defense acquisition program increases by at least 15 percent. Based upon the Navy Area Theater Ballistic Missile Defense (TBMD) Program Life Cycle Cost Estimate in the most recent unit cost report, I have determined, as of this date, the Program Acquisition Unit Cost (PAUC) and Average Procurement Unit Cost (APUC) for the Navy Area TBMD program exceed the Acquisition Program Baseline values by more than 25 percent. The exact amount is still pending given uncertainties related to the Department of Defense (DoD) Strategy Review and Fiscal Year 2003 budget development process. We are currently working toward a rebaselining of this critically needed military capability.

The Office of the Secretary of Defense will submit a Selected Acquisition Report (SAR) to provide details of the unit cost increase. When the unit cost increases by at least 25 percent, the Secretary of Defense must also submit a written certification, which will also be forwarded.

A similar letter has been sent to the President of the Senate, the Speaker of the House of Representatives, and Chairmen Levin, Inouye and Lewis. As always, if I can be of further assistance, please let me know.

Sincerely,

A handwritten signature in black ink, reading "Gordon R. England", is written over the typed name and title.

Gordon R. England
Secretary of the Navy

Copy to:
The Honorable Ike Skelton
Ranking Minority Member